

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 DOE-15 SOE-02 SP-02 ICA-11
AID-05 EB-08 NSC-05 TRSE-00 SS-15 STR-07 OMB-01
CEA-01 CIAE-00 COME-00 FRB-03 INR-10 NSAE-00
XMB-02 OPIC-03 LAB-04 SIL-01 PA-01 L-03 H-01
AGR-01 /124 W

-----025636 151955Z /62

R 140545Z APR 78
FM AMEMBASSY ANKARA
TO SECSTATE WASHDC 1497
INFO AMCONSUL ADANA
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMCONSUL ISTANBUL
AMCONSUL IZMIR
AMEMBASSY PARIS
AMEMBASSY TRIPOLI

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USEEC, USOECD

E.O. 11652: N/A

TAGS: EFIN, ETRD, ENRG, TU, LI

SUBJECT: TURKISH-LIBYAN TRADE TALKS

1. AS A RESULT OF RECENT TALKS WITH LIBYANS, TURKEY
HOPES TO OBTAIN CREDITS OF \$450 MILLION, ACCORDING TO
BILSAY KURUC, HEAD OF THE STATE PLANNING ORGANIZATION.
KURUC SAID THAT NO AGREEMENT HAS YET BEEN SIGNED; RATHER
AN ORAL UNDERSTANDING WAS REACHED ON A GENERAL TRADE/
FINANCING PACKAGE, PARTS OF WHICH REMAIN CONFIDENTIAL.

2. THE PACKAGE INCLUDES A LOAN FOR \$350 MILLION WHICH WOULD
BE DISBURSED OVER FIVE YEARS. THIS CREDIT WOULD FINANCE
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ABOUT 20 PERCENT OF TURKEY'S ANNUAL CRUDE PETROLEUM IMPORT
FROM LIBYA IN EACH OF THE NEXT FIVE YEARS. TURKEY CURRENTLY
IMPORTS ABOUT 3 MILLION METRIC TONS OF CRUDE FROM LIBYA.
THE REMAINING \$100 MILLION WOULD BE BALANCE OF PAYMENTS SUPPORT.
(COMMENT: PRESS SOURCES INDICATE THAT THIS LOAN MAY BE
EARMARKED TO PAY FOR ARREARS ON OIL PAYMENTS TO LIBYA.) IN
ADDITION, THE PACKAGE CALLS FOR TURKEY TO INCREASE ITS EXPORTS

TO LIBYA FROM ABOUT \$12 MILLION TO AROUND \$50 MILLION A YEAR.
THESE EXPORTS WOULD INCLUDE BOTH AGRICULTURAL COMMODITIES
AND CONSUMER GOODS.

3. NOTING THAT THE PRESS HAD REPORTED THAT LIBYA WOULD
RE-EXPORT TURKISH GOODS, EMBOFFS ASKED WHETHER TURKEY HAD
AGREED THAT LIBYA SHOULD MARKET ITS COMMODITIES IN AFRICA.
KURUC SAID THAT NO "RE-EXPORT MECHANISM" WAS DISCUSSED,
BUT ADDED THAT, WITH ITS SMALL POPULATION, LIBYA COULD
HARDLY ABSORB \$50 MILLION ANNUALLY IN AGRICULTURAL COMMODITIES.

4. KURUC, WHO HEADED THE TURKISH SIDE IN THE TALKS, SAID
THAT HIKMET CETIN, MINISTER OF STATE FOR ECONOMIC AFFAIRS,
WOULD SOON LEAD A DELEGATION TO TRIPOLI TO CONTINUE THE
TALKS WITHIN THE FRAMEWORK OF THE TURKEY/LIBYA JOINT ECONOMIC
COMMISSION. KURUC EXPLAINED THAT HE HAD PINCH-HIT FOR CETIN,
WHO WAS OFF ON A TRIP TO WEST GERMANY. APPARENTLY THE
LIBYANS HAD DELAYED THEIR TRIP TO ANKARA, CREATING THE
SCHEDULE CONFLICT.

5. WHEN ASKED WHETHER TURKEY PLANNED TO ENTER A BARTER
ARRANGEMENT WITH LIBYA, KURUC SAID THAT LIBYANS DO NOT
FOLLOW APPROPRIATE CODES OF BEHAVIOR TO MAKE BARTER WORK
RELIABLY. BESIDES, HE COMMENTED, THE IMF STANDBY AGREEMENT
PREVENTS TURKEY FROM ENTERING INTO NEW BARTER ARRANGEMENTS.

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6. COMMENT. WHILE SOMETHING SUBSTANTIAL MAY EVENTUALLY
MATERIALIZE FROM THE TURKO-LIBYAN TALKS, JUST HOW MUCH WILL
BE OPEN TO QUESTION UNTIL NEGOTIATIONS ARE COMPLETED.
NETHERLANDS EMBASSY OFFICER TOLD US APRIL 13 THAT LIBYAN
EMBASSY COUNSELOR HAD DENIED TO HIM THAT LIBYA INTENDED TO
PROVIDE PROGRAM CREDIT AND, ASKED TO CONFIRM \$350 MILLION
OIL CREDIT, HAD EVADED DIRECT REPLY. LIBYAN COUNSELOR DID
SAY THAT HIS GOVERNMENT WAS WILLING TO BUY INCREASED AMOUNTS
OF TURKISH AGRICULTURAL PRODUCTS.
SPIERS

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